

DESOTO UNIFIED SCHOOL DISTRICT NO. 232

REGULATORY BASIS FINANCIAL STATEMENTS
For the year ended June 30, 2013

And

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

...KL...

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TABLE OF CONTENTS

| | <u>Page</u> |
|---|--------------------|
| Independent Auditor's Report on Financial Statements | 1-3 |
| Statement 1 | |
| Summary Statement of Receipts, Expenditures and Unencumbered Cash | 4 |
| Notes to Financial Statements | 5-15 |
| Schedule 1 | |
| Schedule of Expenditures - Actual and Budget | 16 |
| Schedule 2 | |
| Schedule of Receipts and Expenditures - Actual and Budget | |
| General Fund | 17 |
| Supplemental General Fund | 18 |
| Vocational Education Fund | 19 |
| Special Education Fund | 20 |
| Driver Training Fund | 21 |
| Food Service Fund | 22 |
| Capital Outlay Fund | 23 |
| Gifts and Grants Fund | 24 |
| Extraordinary Growth Fund | 25 |
| Professional Development Fund | 26 |
| KPERS Contribution Fund | 27 |
| Bi - Lingual Education Fund | 28 |
| Parent Education Fund | 29 |
| Special Assessment Fund | 30 |
| At-Risk - 4 year old Fund | 31 |
| At-Risk - K-12 Fund | 32 |
| Bond And Interest Fund | 33 |
| Schedule 3 | |
| Schedule of Receipts and Expenditures - Any Nonbudgeted Funds | 34-35 |
| Schedule 4 | |
| Schedule of Cash Receipts, Expenditures and | |
| Unencumbered Cash - District Activity Funds | 36-37 |
| Schedule 5 | |
| Schedule of Cash Receipts and Disbursements - Agency Funds | 38 |

TABLE OF CONTENTS

| | <u>Page</u> |
|---|--------------------|
| Federal Program Reports and Schedules | |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 39-40 |
| Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB A-133 | 41-42 |
| Schedule 6 Schedule of Expenditures of Federal Awards | 43 |
| Schedule 7 Schedule of Findings and Questioned Costs | 44 |
| Notes to Schedule of Expenditures of Federal Awards | 45-46 |



Karlin & Long, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Education
Unified School District No. 232
DeSoto, Kansas 66018

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 232, DeSoto, Kansas ("Municipal Financial Reporting Entity") as of and for the year ended June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 232, Desoto, Kansas ("Municipal Financial Reporting Entity") to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 232, Desoto,, Kansas ("Municipal Financial Reporting Entity") as of June 30, 2013, or changes in financial position and cash flows thereof for the year then ended.

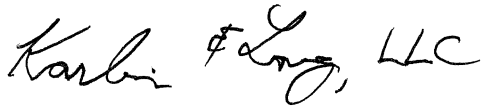
Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 232, DeSoto, Kansas ("Municipal Financial Reporting Entity") as of June 30, 2013, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

In accordance with "Government Auditing Standards", we have also issued our report dated November 20, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Audit Standards" and should be considered in assessing the results of our audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinion on the 2013 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, 2, 3, 4 5, 6 and 7 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2013 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required but U.S Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations" and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 information has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

A handwritten signature in black ink that reads "Karlin & Long, LLC". The signature is written in a cursive, flowing style.

Karlin & Long, LLC
Certified Public Accountants

Lenexa, KS
November 20, 2013

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2013

| Funds | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|----------------------------------|---|---|----------------------|----------------------|--|---|------------------------|
| Governmental Type Funds | | | | | | | |
| General Funds | | | | | | | |
| General | \$ 0 | 0 | \$ 36,292,512 | \$ 36,292,512 | \$ 0 | \$ 55,644 | \$ 55,644 |
| Supplemental General | 1,049,613 | 0 | 12,146,741 | 12,383,962 | 812,392 | 68,171 | 880,563 |
| Special Purpose Funds | | | | | | | |
| Vocational Education | 86,125 | 0 | 1,905,000 | 1,903,438 | 87,687 | 1,863 | 89,550 |
| Special Education | 938,196 | 0 | 8,410,241 | 8,702,320 | 646,117 | 28,211 | 674,328 |
| Driver Education | 89,610 | 0 | 50,724 | 67,123 | 73,211 | | 73,211 |
| Food Service | 538,569 | 0 | 2,693,227 | 2,812,048 | 419,748 | 1,748 | 421,496 |
| Capital Outlay | 8,126,334 | 0 | 3,177,717 | 3,340,576 | 7,963,475 | 777,679 | 8,741,154 |
| Gifts and Grants | 17,748 | 0 | 53,299 | 60,523 | 10,524 | 3,000 | 13,524 |
| Extraordinary Growth Facilities | 73,031 | 0 | 2,374,794 | 2,348,011 | 99,814 | | 99,814 |
| Professional Development | 193,188 | 0 | 0 | 49,678 | 143,510 | | 143,510 |
| KPERs Special Contribution | 0 | 0 | 3,567,623 | 3,567,623 | 0 | | 0 |
| Bilingual Education | 32,483 | 0 | 370,000 | 374,414 | 28,069 | | 28,069 |
| Parent Education | 11,543 | 0 | 183,922 | 190,417 | 5,048 | | 5,048 |
| Special Assessment | 135,572 | 0 | 164,247 | 193,408 | 106,411 | | 106,411 |
| At Risk (4 Year Old) | 9,959 | 0 | 92,000 | 97,054 | 4,905 | | 4,905 |
| At Risk (K-12) | 91,595 | 0 | 1,228,160 | 1,273,983 | 45,772 | 10,443 | 56,215 |
| District Activity Funds | 387,271 | 0 | 1,579,340 | 1,520,689 | 445,922 | | 445,922 |
| Textbook Student Materials Fund | 693,855 | 0 | 444,893 | 324,295 | 814,453 | 60,867 | 875,320 |
| Contingency Reserve Fund | 3,600,000 | 0 | 0 | 800,000 | 2,800,000 | | 2,800,000 |
| Title I | 2,185 | 0 | 191,392 | 193,577 | 0 | 478 | 478 |
| Title IIA - Teacher Quality | 15,745 | 0 | 74,728 | 84,124 | 6,349 | 5,789 | 12,138 |
| Title IV - 21st CLC Grant | 0 | 0 | 256,446 | 237,254 | 19,192 | 32,450 | 51,642 |
| Title IIIA - English Acquisition | 1,151 | 0 | 19,185 | 17,277 | 3,059 | 2,472 | 5,531 |
| Debt Service Funds | | | | | | | |
| Bond and Interest Fund | 17,784,857 | 0 | 18,335,166 | 17,084,119 | 19,035,904 | | 19,035,904 |
| Capital Projects Funds | | | | | | | |
| Capital Projects - 2002 Building | 6,336,055 | 0 | | 5,878,138 | 457,917 | | 457,917 |
| Total Reporting Entity | \$ 40,214,685 | 0 | \$ 93,611,357 | \$ 99,796,563 | \$ 34,029,479 | \$ 1,048,815 | \$ 35,078,294 |

Composition of Cash

| | |
|-------------------------------|----------------------|
| Checking Accounts | \$ (5,812,528) |
| Savings Accounts | 198,459 |
| Petty Cash | 2,633 |
| Municipal Investment Pool | 40,927,990 |
| Total Cash | 35,316,554 |
| Agency Funds per Statement 4 | 238,260 |
| Total Reporting Entity | \$ 35,078,294 |

The notes to the financial statements are an integral part of this statement.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.232 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.232 (b) organizations for which USD No. 232 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.232 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2013:

Governmental Funds

General Fund– The chief operating fund. Used to account for the resources except those required to be accounted for in another fund.

Special Purpose Funds – Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long term debt) that are intended for specified purposes.

Bond and Interest Funds – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Capital Project Funds – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Fiduciary Funds

Agency Funds – Funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, activity accounts, etc.).

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Reimbursed Expenses

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were budget amendments to the General Fund, At Risk (K-12) Fund, Bilingual Education Fund, Driver Training Fund, Special Education Fund, and Vocational Fund during the year.

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special revenue funds:

| | |
|--------------------------------|--------------------------|
| Textbook Student Material Fund | Contingency Reserve Fund |
| Title IIA Fund | Title IIIA Fund |
| Title I Fund | Title IV Fund |
| Reconnect Youth Grant Fund | District Activity Funds |

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimates.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the government. The statute requires banks eligible to hold the government's funds have a main or branch bank in the county in which the government is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the government's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The government has no investment policy that would further limit its investment choices. The District's investments are categorized to give an indication of the level or risk assumed by the entity at year end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in risk Category 1 have the least risk to the municipality.

| | Risk | | | Carrying Amount | Market Value |
|----------------------------------|------|-----|-----|----------------------|----------------------|
| | 1 | 2 | 3 | | |
| Investments | -0- | -0- | -0- | -0- | -0- |
| State Treasurers Investment Pool | | | | <u>\$ 40,927,990</u> | <u>\$ 40,927,990</u> |

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2012.

At June 30, 2013, the government's carrying amount of deposits was \$ 35,078,294 and the bank balance was \$ 39,818,774. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 – Defined Benefit Pension Plan

Plan Description – USD No. 232 participates in the Kansas Public Employees Retirement System (KPERs), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Defined Benefit Pension Plan (Continued)

Funding Policy – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

NOTE 4 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 5 – Stewardship, Compliance and Accountability

We noted no violations of Kansas statutes for the period under audit.

NOTE 6 – Compensated Absences

Vacation time off with pay is available to eligible employees who work a 260 day contract. Upon employment in an eligible position and continuing through 5 consecutive years of employment, the employee is entitled to 10 vacation days each year, accrued monthly. Beginning on the anniversary of the 6th year of employment, the employee is entitled to 15 vacation days, accrued monthly. Vacation days are noncumulative to the next year.

The District grants all eligible employees short term leave at the rate of one day, equal to the hours worked per day, for every full month of service. In the event of termination or retirement certified employees are compensated for unused short term leave at a rate of \$40.00 per day.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Compensated Absences (Continued)

Classified employees, who give a two week notice of their resignation, are compensated for unused short term leave at a rate of \$ 20.00 per day.

NOTE 7 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

NOTE 8 – Capital Projects

On June 9, 2009 the patrons of the District approved issuance of \$ 25,000,000 in general obligation bonds for the purpose of constructing, furnishing, and equipping new elementary schools and new middle school athletic fields and other school facilities; constructing, furnishing, and equipping additions to Monticello Trails Middle School, Mill Valley High School and other school facilities; furnishing, equipping and improving existing school facilities; providing new and upgraded computer and communication technology; acquiring sites for school facilities; providing all necessary and related improvements; and paying fees and expenses incidental thereto including interest during construction.

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

| | <u>Expenditures To Date</u> | <u>Project Authorization</u> |
|------------------|---------------------------------|----------------------------------|
| School Buildings | \$ 52,909,199 | \$ 52,909,199 |

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Interfund Transactions

| From | To | Statutory Authority | Amount |
|---------------------------|---------------------------|------------------------|--------------|
| General Fund | Special Education Fund | K.S.A. 72-6428 | \$ 4,786,395 |
| Supplemental General Fund | Bi-Lingual Fund | K.S.A. 72-6425 | 370,000 |
| Supplemental General Fund | At-Risk Fund (K-12) | K.S.A. 72-6425 | 1,210,000 |
| Supplemental General Fund | At-Risk Fund (K-4) | K.S.A. 72-6425 | 92,000 |
| Supplemental General Fund | Parents as Teachers | K.S.A. 72-6425 | 70,000 |
| Supplemental General Fund | Special Education Fund | K.S.A. 72-6425 | 2,363,605 |
| Supplemental General Fund | Vocational Education Fund | K.S.A. 72-6425 | 1,900,000 |

NOTE 10 – Indebtedness

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2013, the statutory limit for the district was \$ 52,125,500 thus creating excess indebtedness of \$ 134,089,450. The outstanding bond principal represents 50.01% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation.

NOTE 11 – Subsequent Events

Subsequent events for management's review have been evaluated through November 20, 2013. The date in the prior sentence is the date the financial statements were available to be issued.

NOTE 12 – Prior Period Adjustment

Following the requirements of a technical amendment to the 2011 Kansas Municipal Audit Guide, which governs the format and accounting for this financial statement, beginning unencumbered balances have been restated from (\$2,445,475) to \$ -0- in the General Fund and from \$778,814 to \$1,049,613 in the Supplemental General Fund. The technical amendment is

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 12 – Prior Period Adjustment (continued)

following the statutory state aid revenue recognition as required by K.S.A. 72-6417(d) and K.S.A. 72-6434(d). The state aid payment that is received subsequent to the end of the fiscal year is recorded as on in substance receipt in transit and included as a receipt for the fiscal year that matches the budget to which it applies. The balances have been adjusted for this change in policy.

NOTE 13 – In-Substance Receipt in Transit

The district received \$ 2,696,442 subsequent to June 30, 2013 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2013.

USD #232 DESOTO, KANSAS

NOTES TO FINANCIAL STATEMENTS

Note 14-
Changes in long term liabilities for the district for the year ended June 30, 2013 were as follows:

| Issue | Interest Rate | Date of Issue | Amount of Issue | Date of Final Maturity | Balance Beginning of Year | Additions | Reductions/ Payments | Net Change | Balance End of Year | Interest Paid |
|-------------------------------------|---------------|---------------|-----------------|------------------------|---------------------------|---------------|----------------------|----------------|---------------------|----------------|
| General Obligation Bonds | | | | | | | | | | |
| 2001 Issue | 4.00% - 7.00% | 8/1/01 | 9,900,000 | 9/1/19 | \$ 0 | \$ | \$ | 0 | \$ | \$ |
| 2003-A Issue | 3.05% - 5.10% | 8/1/03 | 15,000,000 | 9/1/23 | 1,100,000 | | 500,000 | (500,000) | 600,000 | 44,625 |
| 2004 Issue | 4.00% - 4.75% | 5/1/04 | 15,000,000 | 9/1/23 | 13,445,000 | | 445,000 | (445,000) | 13,000,000 | 614,519 |
| 2004-A Issue | 4.00% - 4.10% | 8/12/04 | 9,545,000 | 9/1/17 | 7,115,000 | | 880,000 | (880,000) | 6,235,000 | 276,962 |
| 2005 Issue | 3.00% - 5.00% | 2/23/05 | 29,205,000 | 9/1/22 | 24,940,000 | | 885,000 | (885,000) | 24,055,000 | 1,234,290 |
| 2005-A Issue | 4.00% - 5.25% | 12/1/05 | 47,905,000 | 9/1/23 | 44,280,000 | | 2,175,000 | (2,175,000) | 42,105,000 | 2,061,805 |
| 2008-A Issue | 3.00% - 5.00% | 2/20/08 | 20,880,000 | 9/1/19 | 13,920,000 | | 2,860,000 | (2,860,000) | 11,060,000 | 459,513 |
| 2009 Issue | 3.00% - 5.00% | 6/9/09 | 25,000,000 | 9/1/29 | 25,000,000 | | | 0 | 25,000,000 | 1,052,311 |
| 2010-A Issue | 3.00% - 5.00% | 1/28/10 | 27,000,000 | 9/1/35 | 26,280,000 | | 730,000 | (730,000) | 25,550,000 | 1,437,344 |
| Refund Callable Bonds | 3.00% - 5.00% | 12/29/11 | 20,010,000 | 9/1/23 | 19,700,000 | | 550,000 | (550,000) | 19,150,000 | 877,750 |
| Total Bonded Indebtedness | | | | | 175,780,000 | 0 | 9,025,000 | (9,025,000) | 166,755,000 | 8,059,119 |
| Compensated Absences | N/A | N/A | N/A | N/A | 568,565 | 26,495 | 0 | 26,495 | 595,060 | - |
| Total Long Term Debt | | | | | \$ 176,348,565 | \$ 26,495 | \$ 9,025,000 | \$ (8,998,505) | \$ 167,350,060 | \$ 8,059,119 |
| Principal | 2014 | 2015 | 2016 | 2017 | 2018 | 2019-2023 | 2024-2028 | 2029-2033 | 2034-2035 | Total |
| General Obligation Bonds | \$ 10,000,000 | \$ 10,855,000 | \$ 11,465,000 | \$ 12,090,000 | \$ 12,880,000 | \$ 67,495,000 | \$ 24,630,000 | \$ 12,470,000 | \$ 4,870,000 | \$ 166,755,000 |
| Special Assessment Bonds | | | | | | | | | | 0 |
| Certificates of Participation | | | | | | | | | | 0 |
| Capital Leases | | | | | | | | | | 0 |
| Revenue Bonds | | | | | | | | | | 0 |
| No-Fund Warrants | | | | | | | | | | 0 |
| Temporary Notes | | | | | | | | | | 0 |
| Total Principal | 10,000,000 | 10,855,000 | 11,465,000 | 12,090,000 | 12,880,000 | 67,495,000 | 24,630,000 | 12,470,000 | 4,870,000 | 166,755,000 |
| Interest | | | | | | | | | | |
| General Obligation Bonds | 7,193,362 | 6,740,018 | 6,254,700 | 5,736,175 | 5,186,460 | 16,906,112 | 5,480,291 | 1,983,245 | 309,330 | 55,789,693 |
| Special Assessment Bonds | | | | | | | | | | 0 |
| Certificates of Participation | | | | | | | | | | 0 |
| Capital Leases | | | | | | | | | | 0 |
| Revenue Bonds | | | | | | | | | | 0 |
| No-Fund Warrants | | | | | | | | | | 0 |
| Temporary Notes | | | | | | | | | | 0 |
| Total Interest | 7,193,362 | 6,740,018 | 6,254,700 | 5,736,175 | 5,186,460 | 16,906,112 | 5,480,291 | 1,983,245 | 309,330 | 55,789,693 |
| Total Principal and Interest | \$ 17,193,362 | \$ 17,595,018 | \$ 17,719,700 | \$ 17,826,175 | \$ 18,066,460 | \$ 84,401,112 | \$ 30,110,291 | \$ 14,453,245 | \$ 5,179,330 | \$ 222,544,693 |

Unified School District No. 232, DeSoto, Kansas

Regulatory-Required

Supplementary Information

For the year ended June 30, 2013

USD #232 DESOTO, KANSAS

Schedule of Expenditures - Actual and Budget

Schedule 1

Regulatory Basis

For the Year Ended June 30, 2013

| Funds | Certified Budget | Adjustments to | | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance - Over (Under) |
|---|---------------------|--------------------------|----------------------------------|-----------------------------------|---|-------------------------------|
| | | Comply with Legal Max | for Qualifying Budget Credits | | | |
| Governmental Type Funds | | | | | | |
| General Funds | | | | | | |
| General | \$ 36,994,098 | \$ (701,586) | 0 | \$ 36,292,512 | \$ 36,292,512 | \$ 0 |
| Supplemental General | 12,597,069 | (213,107) | 0 | 12,383,962 | 12,383,962 | 0 |
| Special Purpose Funds | | | | | | |
| Vocational Education | 1,916,125 | 0 | 0 | 1,916,125 | 1,903,438 | (12,687) |
| Special Education | 8,982,000 | 0 | 0 | 8,982,000 | 8,702,320 | (279,680) |
| Driver Training | 88,958 | 0 | 0 | 88,958 | 67,123 | (21,835) |
| Food Service | 3,020,670 | 0 | 0 | 3,020,670 | 2,812,048 | (208,622) |
| Capital Outlay | 6,000,000 | 0 | 0 | 6,000,000 | 3,340,576 | (2,659,424) |
| Gifts and grants | 167,748 | 0 | 0 | 167,748 | 60,523 | (107,225) |
| Extraordinary Growth Facilities Program | 2,348,011 | 0 | 0 | 2,348,011 | 2,348,011 | 0 |
| Professional Development | 113,669 | 0 | 0 | 113,669 | 49,678 | (63,991) |
| KPERS Special Contribution | 4,192,072 | 0 | 0 | 4,192,072 | 3,567,623 | (624,449) |
| Bilingual Education | 380,483 | 0 | 0 | 380,483 | 374,414 | (6,069) |
| Parent Education | 200,465 | 0 | 0 | 200,465 | 190,417 | (10,048) |
| At-Risk Fund (4 Year Old) | 108,959 | 0 | 0 | 108,959 | 97,054 | (11,905) |
| At-Risk Fund (K-12) | 1,291,595 | 0 | 0 | 1,291,595 | 1,273,983 | (17,612) |
| Special assessment | 200,000 | 0 | 0 | 200,000 | 193,408 | (6,592) |
| Bond and Interest Funds | | | | | | |
| Bond and Interest | 17,084,119 | 0 | 0 | 17,084,119 | 17,084,119 | 0 |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|-------------------|----------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ 7,008,945 | \$ 6,624,481 | \$ 384,464 |
| Delinquent tax | 75,713 | 60,438 | 15,275 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | 29,207,854 | 30,309,179 | (1,101,325) |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | | | 0 |
| Total Cash Receipts | <u>36,292,512</u> | <u>36,994,098</u> | <u>(701,586)</u> |
| EXPENDITURES | | | |
| Instruction | 21,799,602 | 21,649,420 | 150,182 |
| Student support services | 1,109,308 | 1,572,360 | (463,052) |
| Instruction support staff | 3,350,167 | 3,461,448 | (111,281) |
| General administration | 455,387 | 523,050 | (67,663) |
| School administration | 2,752,533 | 2,764,260 | (11,727) |
| Operations and maintenance | 1,423,806 | 1,565,000 | (141,194) |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | 615,314 | 692,230 | (76,916) |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | 4,786,395 | 4,766,330 | 20,065 |
| Adjustment to comply with legal max | | (701,586) | 701,586 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>36,292,512</u> | <u>\$ 36,292,512</u> | <u>\$ 0</u> |
| Receipts Over (Under) Expenditures | 0 | | |
| Unencumbered Cash, Beginning | 0 | | |
| Prior Year Cancelled Encumbrances | 0 | | |
| Unencumbered Cash, Ending | <u>\$ 0</u> | | |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

SUPPLEMENTAL GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|-------------------|----------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ 6,575,987 | \$ 6,548,658 | \$ 27,329 |
| Delinquent tax | 74,470 | 61,632 | 12,838 |
| Motor vehicle tax | 768,761 | 694,903 | 73,858 |
| RV tax | 4,131 | 4,958 | (827) |
| Federal grants | | | 0 |
| State aid/grants | 4,723,392 | 4,865,492 | (142,100) |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | | | 0 |
| Total Cash Receipts | <u>12,146,741</u> | <u>12,175,643</u> | <u>(28,902)</u> |
| EXPENDITURES | | | |
| Instruction | 222,495 | 445,779 | (223,284) |
| Student support services | 481,494 | 505,655 | (24,161) |
| Instruction support staff | 4,060 | | 4,060 |
| General administration | 404,513 | 425,000 | (20,487) |
| School administration | 257,562 | 96,637 | 160,925 |
| Operations and maintenance | 3,175,036 | 3,321,998 | (146,962) |
| Student transportation services | 1,833,197 | 1,980,000 | (146,803) |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | 6,005,605 | 5,822,000 | 183,605 |
| Adjustment to comply with legal max | | (213,107) | 213,107 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>12,383,962</u> | <u>\$ 12,383,962</u> | <u>\$ 0</u> |
| Receipts Over (Under) Expenditures | (237,221) | | |
| Unencumbered Cash, Beginning | 1,049,613 | | |
| Prior Year Cancelled Encumbrances | <u>0</u> | | |
| Unencumbered Cash, Ending | <u>\$ 812,392</u> | | |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

VOCATIONAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2013

| | <u>Actual</u> | <u>Budget</u> | Variance- Over (Under) |
|--|------------------|---------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | | | 0 |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | 5,000 | 10,000 | (5,000) |
| Operating transfers | <u>1,900,000</u> | <u>1,820,000</u> | <u>80,000</u> |
| Total Cash Receipts | <u>1,905,000</u> | <u>1,830,000</u> | <u>75,000</u> |
| EXPENDITURES | | | |
| Instruction | 1,903,438 | 1,916,125 | (12,687) |
| Student support services | | | 0 |
| Instruction support staff | | | 0 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>1,903,438</u> | <u>\$ 1,916,125</u> | <u>\$ (12,687)</u> |
| Receipts Over (Under) Expenditures | 1,562 | | |
| Unencumbered Cash, Beginning | 86,125 | | |
| Prior Year Cancelled Encumbrances | | | |
| Unencumbered Cash, Ending | <u>\$ 87,687</u> | | |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

SPECIAL EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|-------------------|---------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | 1,122,175 | 1,185,064 | (62,889) |
| State aid/grants | | | 0 |
| Charges for services | 138,066 | 73,000 | 65,066 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | <u>7,150,000</u> | <u>7,046,330</u> | <u>103,670</u> |
| Total Cash Receipts | <u>8,410,241</u> | <u>8,304,394</u> | <u>105,847</u> |
| EXPENDITURES | | | |
| Instruction | 7,396,372 | 7,417,000 | (20,628) |
| Student support services | | | 0 |
| Instruction support staff | 216,790 | 231,856 | (15,066) |
| General administration | 210,566 | 252,644 | (42,078) |
| School administration | | | 0 |
| Operations and maintenance | 4,737 | 5,500 | (763) |
| Student transportation services | 873,855 | 1,075,000 | (201,145) |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>8,702,320</u> | <u>\$ 8,982,000</u> | <u>\$ (279,680)</u> |
| Receipts Over (Under) Expenditures | (292,079) | | |
| Unencumbered Cash, Beginning | 938,196 | | |
| Prior Year Cancelled Encumbrances | | | |
| Unencumbered Cash, Ending | <u>\$ 646,117</u> | | |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

DRIVER TRAINING FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|------------------|------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | 31,101 | 23,400 | 7,701 |
| Charges for services | 19,623 | 43,000 | (23,377) |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | | | 0 |
| Total Cash Receipts | 50,724 | 66,400 | (15,676) |
| EXPENDITURES | | | |
| Instruction | 60,997 | 81,318 | (20,321) |
| Student support services | | | 0 |
| Instruction support staff | | | 0 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | 6,126 | 7,640 | (1,514) |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | 67,123 | \$ 88,958 | \$ (21,835) |
| Receipts Over (Under) Expenditures | (16,399) | | |
| Unencumbered Cash, Beginning | 89,610 | | |
| Prior Year Cancelled Encumbrances | | | |
| Unencumbered Cash, Ending | \$ 73,211 | | |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

FOOD SERVICE FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|-------------------|---------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | 743,141 | 816,270 | (73,129) |
| State aid/grants | 29,485 | 32,400 | (2,915) |
| Charges for services | 1,913,540 | 2,016,175 | (102,635) |
| Interest income | 61 | 70 | (9) |
| Miscellaneous revenues | 7,000 | | 7,000 |
| Operating transfers | | | 0 |
| Total Cash Receipts | <u>2,693,227</u> | <u>2,864,915</u> | <u>(171,688)</u> |
| EXPENDITURES | | | |
| Instruction | | | 0 |
| Student support services | | | 0 |
| Instruction support staff | | | 0 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | 2,812,048 | 3,020,670 | (208,622) |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>2,812,048</u> | <u>\$ 3,020,670</u> | <u>\$ (208,622)</u> |
| Receipts Over (Under) Expenditures | (118,821) | | |
| Unencumbered Cash, Beginning | 538,569 | | |
| Prior Year Cancelled Encumbrances | | | |
| Unencumbered Cash, Ending | <u>\$ 419,748</u> | | |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

CAPITAL OUTLAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|---------------------|---------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ 2,962,992 | \$ 2,823,015 | \$ 139,977 |
| Delinquent tax | 16,229 | 12,892 | 3,337 |
| Motor vehicle tax | 164,603 | 148,587 | 16,016 |
| RV tax | 884 | 1,060 | (176) |
| Federal grants | | | 0 |
| State aid/grants | | | 0 |
| Charges for services | | | 0 |
| Interest income | 5,636 | 3,000 | 2,636 |
| Miscellaneous revenues | 27,373 | 26,400 | 973 |
| Operating transfers | | | 0 |
| Total Cash Receipts | <u>3,177,717</u> | <u>3,014,954</u> | <u>162,763</u> |
| EXPENDITURES | | | |
| Instruction | 1,874,991 | 500,000 | 1,374,991 |
| Student support services | | | 0 |
| Instruction support staff | | | 0 |
| General administration | | 200,000 | (200,000) |
| School administration | | | 0 |
| Operations and maintenance | 1,189,248 | 2,000,000 | (810,752) |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | 276,337 | 3,300,000 | (3,023,663) |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>3,340,576</u> | <u>\$ 6,000,000</u> | <u>\$ (2,659,424)</u> |
| Receipts Over (Under) Expenditures | (162,859) | | |
| Unencumbered Cash, Beginning | 8,126,334 | | |
| Prior Year Cancelled Encumbrances | | | |
| Unencumbered Cash, Ending | <u>\$ 7,963,475</u> | | |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

GIFTS & GRANTS FUND

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|------------------|-------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | | | 0 |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | 53,299 | 150,000 | (96,701) |
| Operating transfers | | | 0 |
| Total Cash Receipts | <u>53,299</u> | <u>150,000</u> | <u>(96,701)</u> |
| EXPENDITURES | | | |
| Instruction | 36,463 | 73,628 | (37,165) |
| Student transportation services | | | 0 |
| Instruction support staff | 24,060 | 94,120 | (70,060) |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student support services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>60,523</u> | <u>\$ 167,748</u> | <u>\$ (107,225)</u> |
| Receipts Over (Under) Expenditures | (7,224) | | |
| Unencumbered Cash, Beginning | 17,748 | | |
| Prior Year Cancelled Encumbrances | <u>0</u> | | |
| Unencumbered Cash, Ending | <u>\$ 10,524</u> | | |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

EXTRAORDINARY GROWTH FACILITIES FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|------------------|---------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ 2,191,503 | \$ 2,198,373 | \$ (6,870) |
| Delinquent tax | 16,396 | 11,233 | 5,163 |
| Motor vehicle tax | 166,004 | 148,764 | 17,240 |
| RV tax | 891 | 1,061 | (170) |
| Federal grants | | | 0 |
| State aid/grants | | | 0 |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | | | 0 |
| Total Cash Receipts | <u>2,374,794</u> | <u>2,359,431</u> | <u>15,363</u> |
| EXPENDITURES | | | |
| Instruction | | | 0 |
| Student transportation services | | | 0 |
| Instruction support staff | | | 0 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student support services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | 2,348,011 | 2,348,011 | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>2,348,011</u> | <u>\$ 2,348,011</u> | <u>\$ 0</u> |
| Receipts Over (Under) Expenditures | 26,783 | | |
| Unencumbered Cash, Beginning | 73,031 | | |
| Prior Year Cancelled Encumbrances | <u>0</u> | | |
| Unencumbered Cash, Ending | <u>\$ 99,814</u> | | |

See Note 5

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2013

| | <u>Actual</u> | <u>Budget</u> | Variance- Over (Under) |
|--|-----------------------|-------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | | | 0 |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | | | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES | | | |
| Instruction | | | 0 |
| Student support services | | | 0 |
| Instruction support staff | 49,678 | 113,669 | (63,991) |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| | <u>49,678</u> | <u>\$ 113,669</u> | <u>\$ (63,991)</u> |
| Total Expenditures | <u>49,678</u> | <u>\$ 113,669</u> | <u>\$ (63,991)</u> |
| Receipts Over (Under) Expenditures | (49,678) | | |
| Unencumbered Cash, Beginning | 193,188 | | |
| Prior Year Cancelled Encumbrances | <u> </u> | | |
| Unencumbered Cash, Ending | \$ <u>143,510</u> | | |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|------------------|---------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | 3,567,623 | 4,192,072 | (624,449) |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | | | 0 |
| | | | |
| Total Cash Receipts | <u>3,567,623</u> | <u>4,192,072</u> | <u>(624,449)</u> |
| EXPENDITURES | | | |
| Instruction | 3,567,623 | 3,034,222 | 533,401 |
| Student support services | | 212,119 | (212,119) |
| Instruction support staff | | 179,001 | (179,001) |
| General administration | | 62,043 | (62,043) |
| School administration | | 272,065 | (272,065) |
| Operations and maintenance | | 264,939 | (264,939) |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | 64,139 | (64,139) |
| Food service operations | | 103,544 | (103,544) |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| | | | |
| Total Expenditures | <u>3,567,623</u> | <u>\$ 4,192,072</u> | <u>\$ (624,449)</u> |
| Receipts Over (Under) Expenditures | 0 | | |
| Unencumbered Cash, Beginning | 0 | | |
| Prior Year Cancelled Encumbrances | <u>0</u> | | |
| Unencumbered Cash, Ending | \$ <u>0</u> | | |

The notes to financial statements are an integral part of this statement.

USD #232 DESOTO, KS

BILINGUAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2013

| | <u>Actual</u> | <u>Budget</u> | Variance- Over (Under) |
|--|------------------|-------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | | | 0 |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | <u>370,000</u> | <u>348,000</u> | <u>22,000</u> |
| Total Cash Receipts | <u>370,000</u> | <u>348,000</u> | <u>22,000</u> |
| EXPENDITURES | | | |
| Instruction | 373,764 | 380,483 | (6,719) |
| Student support services | 650 | | 650 |
| Instruction support staff | | | 0 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>374,414</u> | <u>\$ 380,483</u> | <u>\$ (6,069)</u> |
| Receipts Over (Under) Expenditures | (4,414) | | |
| Unencumbered Cash, Beginning | 32,483 | | |
| Prior Year Cancelled Encumbrances | | | |
| Unencumbered Cash, Ending | <u>\$ 28,069</u> | | |

The notes to financial statements are an integral part of this statement.

USD #232 DESOTO, KS

PARENT EDUCATION FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2013

| | <u>Actual</u> | <u>Budget</u> | Variance- Over (Under) |
|--|-----------------|-------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | 113,922 | 113,922 | 0 |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | <u>70,000</u> | <u>75,000</u> | <u>(5,000)</u> |
| Total Cash Receipts | <u>183,922</u> | <u>188,922</u> | <u>(5,000)</u> |
| EXPENDITURES | | | |
| Instruction | | | 0 |
| Student support services | 190,199 | 200,465 | (10,266) |
| Instruction support staff | 218 | | 218 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>190,417</u> | <u>\$ 200,465</u> | <u>\$ (10,048)</u> |
| Receipts Over (Under) Expenditures | (6,495) | | |
| Unencumbered Cash, Beginning | 11,543 | | |
| Prior Year Cancelled Encumbrances | | | |
| Unencumbered Cash, Ending | <u>\$ 5,048</u> | | |

The notes to financial statements are an integral part of this statement.

USD #232 DESOTO, KS

SPECIAL ASSESSMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|-------------------|-------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ 146,077 | \$ 137,309 | \$ 8,768 |
| Delinquent tax | 1,503 | 1,089 | 414 |
| Motor vehicle tax | 16,578 | 14,791 | 1,787 |
| RV tax | 89 | 106 | (17) |
| Federal grants | | | 0 |
| State aid/grants | | | 0 |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | | | 0 |
| Total Cash Receipts | <u>164,247</u> | <u>153,295</u> | <u>10,952</u> |
| EXPENDITURES | | | |
| Instruction | | | 0 |
| Student support services | | | 0 |
| Instruction support staff | | | 0 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | 193,408 | 200,000 | (6,592) |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>193,408</u> | <u>\$ 200,000</u> | <u>\$ (6,592)</u> |
| Receipts Over (Under) Expenditures | (29,161) | | |
| Unencumbered Cash, Beginning | 135,572 | | |
| Prior Year Cancelled Encumbrances | <u>0</u> | | |
| Unencumbered Cash, Ending | <u>\$ 106,411</u> | | |

The notes to financial statements are an integral part of this statement.

USD #232 DESOTO, KS

AT RISK FUND (4 Year Old)
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2013

| | <u>Actual</u> | <u>Budget</u> | Variance- Over (Under) |
|--|---------------------|-----------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | | | 0 |
| Charges for services | | | 0 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | <u>92,000</u> | <u>99,000</u> | <u>(7,000)</u> |
| Total Cash Receipts | <u>92,000</u> | <u>99,000</u> | <u>(7,000)</u> |
| EXPENDITURES | | | |
| Instruction | 97,054 | 108,959 | (11,905) |
| Student support services | | | 0 |
| Instruction support staff | | | 0 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>97,054</u> | <u>\$ 108,959</u> | <u>\$ (11,905)</u> |
| Receipts Over (Under) Expenditures | (5,054) | | |
| Unencumbered Cash, Beginning | 9,959 | | |
| Prior Year Cancelled Encumbrances | <u> </u> | | |
| Unencumbered Cash, Ending | <u>\$ 4,905</u> | | |

The notes to financial statements are an integral part of this statement.

USD #232 DESOTO, KS

AT RISK FUND (K-12)

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|------------------|---------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ 0 |
| Delinquent tax | | | 0 |
| Motor vehicle tax | | | 0 |
| RV tax | | | 0 |
| Federal grants | | | 0 |
| State aid/grants | | | 0 |
| Charges for services | 18,160 | | 18,160 |
| Interest income | | | 0 |
| Miscellaneous revenues | | | 0 |
| Operating transfers | <u>1,210,000</u> | <u>1,200,000</u> | <u>10,000</u> |
| Total Cash Receipts | <u>1,228,160</u> | <u>1,200,000</u> | <u>28,160</u> |
| EXPENDITURES | | | |
| Instruction | 1,263,540 | 1,291,595 | (28,055) |
| Student support services | | | 0 |
| Instruction support staff | | | 0 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student transportation services | 10,443 | | 10,443 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | | | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>1,273,983</u> | <u>\$ 1,291,595</u> | <u>\$ (17,612)</u> |
| Receipts Over (Under) Expenditures | (45,823) | | |
| Unencumbered Cash, Beginning | 91,595 | | |
| Prior Year Cancelled Encumbrances | | | |
| Unencumbered Cash, Ending | <u>\$ 45,772</u> | | |

The notes to financial statements are an integral part of this statement.

USD #232 DESOTO, KS

BOND AND INTEREST FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2013

| | Actual | Budget | Variance- Over (Under) |
|--|----------------------|----------------------|------------------------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ 11,381,632 | \$ 10,642,785 | \$ 738,847 |
| Delinquent tax | 131,199 | 114,679 | 16,520 |
| Motor vehicle tax | 1,498,745 | 1,351,511 | 147,234 |
| RV tax | 8,049 | 9,643 | (1,594) |
| Federal grants | | | 0 |
| State aid/grants | 5,311,574 | 5,311,574 | 0 |
| Charges for services | | | 0 |
| Interest income | 3,967 | 10,000 | (6,033) |
| Miscellaneous revenues | | | 0 |
| Operating transfers | | | 0 |
| Total Cash Receipts | <u>18,335,166</u> | <u>17,440,192</u> | <u>894,974</u> |
| EXPENDITURES | | | |
| Instruction | | | 0 |
| Student support services | | | 0 |
| Instruction support staff | | | 0 |
| General administration | | | 0 |
| School administration | | | 0 |
| Operations and maintenance | | | 0 |
| Student transportation services | | | 0 |
| Central support services | | | 0 |
| Other support services | | | 0 |
| Food service operations | | | 0 |
| Student activities | | | 0 |
| Facility acquisition and construction services | | | 0 |
| Debt service | 17,084,119 | 17,084,119 | 0 |
| Operating transfers | | | 0 |
| Adjustment to comply with legal max | | | 0 |
| Adjustment for qualifying budget credits | | | 0 |
| Total Expenditures | <u>17,084,119</u> | <u>\$ 17,084,119</u> | <u>\$ 0</u> |
| Receipts Over (Under) Expenditures | 1,251,047 | | |
| Unencumbered Cash, Beginning | 17,784,857 | | |
| Prior Year Cancelled Encumbrances | <u>0</u> | | |
| Unencumbered Cash, Ending | <u>\$ 19,035,904</u> | | |

The notes to financial statements are an integral part of this statement.

USD #232 DESOTO, KS

NONBUDGETED FUNDS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2013

| | Textbook Student material Revolving | Contingency Reserve | Title 1 |
|--|---|-------------------------|-----------------|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ |
| Delinquent tax | | | |
| Motor vehicle tax | | | |
| RV tax | | | |
| Federal grants | | | 191,392 |
| State aid/grants | | | |
| Charges for services | 444,893 | | |
| Interest income | | | |
| Miscellaneous revenues | | | |
| Operating transfers | | | |
| | <u>444,893</u> | <u>0</u> | <u>191,392</u> |
| EXPENDITURES | | | |
| Instruction | 324,295 | 800,000 | 193,577 |
| Student support services | | | |
| Instruction support staff | | | |
| General administration | | | |
| School administration | | | |
| Operations and maintenance | | | |
| Student transportation services | | | |
| Central support services | | | |
| Other support services | | | |
| Food service operations | | | |
| Student activities | | | |
| Facility acquisition and construction services | | | |
| Debt service | | | |
| Operating transfers | | | |
| Adjustment for qualifying budget credits | | | |
| | <u>324,295</u> | <u>800,000</u> | <u>193,577</u> |
| Total Expenditures | <u>324,295</u> | <u>800,000</u> | <u>193,577</u> |
| Receipts Over (Under) Expenditures | 120,598 | (800,000) | (2,185) |
| Unencumbered Cash, Beginning | 693,855 | 3,600,000 | 2,185 |
| Prior Year Cancelled Encumbrances | <u>0</u> | <u>0</u> | <u>0</u> |
| Unencumbered Cash, Ending | <u>\$ 814,453</u> | <u>\$ 2,800,000</u> | <u>\$ 0</u> |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS

NONBUDGETED FUNDS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2013

| | <u>Title II-A</u> <u>Teacher Quality</u> | <u>Title IV - 21st</u> <u>CLC Grant</u> | <u>Title III-A</u> <u>English Acquisition</u> |
|--|---|--|--|
| CASH RECEIPTS | | | |
| Taxes and Shared Revenue | | | |
| Ad valorem property tax | \$ | \$ | \$ |
| Delinquent tax | | | |
| Motor vehicle tax | | | |
| RV tax | | | |
| Federal grants | 74,728 | 256,446 | 19,185 |
| State aid/grants | | | |
| Charges for services | | | |
| Interest income | | | |
| Miscellaneous revenues | | | |
| Operating transfers | | | |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | <u>74,728</u> | <u>256,446</u> | <u>19,185</u> |
| EXPENDITURES | | | |
| Instruction | 84,124 | 211,301 | 17,277 |
| Student support services | | | |
| Instruction support staff | | | |
| General administration | | | |
| School administration | | | |
| Operations and maintenance | | | |
| Student transportation services | | 25,953 | |
| Central support services | | | |
| Other support services | | | |
| Food service operations | | | |
| Student activities | | | |
| Facility acquisition and construction services | | | |
| Debt service | | | |
| Operating transfers | | | |
| Adjustment for qualifying budget credits | | | |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | <u>84,124</u> | <u>237,254</u> | <u>17,277</u> |
| Receipts Over (Under) Expenditures | (9,396) | 19,192 | 1,908 |
| Unencumbered Cash, Beginning | 15,745 | 0 | 1,151 |
| Prior Year Cancelled Encumbrances | <u>0</u> | <u>0</u> | <u>0</u> |
| Unencumbered Cash, Ending | <u>\$ 6,349</u> | <u>\$ 19,192</u> | <u>\$ 3,059</u> |

The notes to the financial statements are an integral part of this statement.

USD #232 DESOTO, KS
DISTRICT ACTIVITY FUNDS
Schedule of Cash Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2013

| Funds | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|-----------------------------------|---|---|------------------|----------------|--|---|------------------------|
| Gate Receipts | | | | | | | |
| DeSoto High school athletics | \$ 32,928 | \$ | \$ 121,044 | \$ 121,265 | \$ 32,707 | \$ - | 32,707 |
| Mill Valley High School Athletics | 61,955 | | 255,208 | 244,279 | 72,884 | - | 72,884 |
| Millcreek Middle School Athletics | 8,193 | | 41,658 | 45,504 | 4,347 | - | 4,347 |
| Monticello Trails Middle School | 15,623 | | 23,411 | 27,666 | 11,368 | - | 11,368 |
| Lexington Trails Middle School | 1,006 | | 11,518 | 9,986 | 2,538 | - | 2,538 |
| Subtotal Gate Receipts | 119,705 | 0 | 452,839 | 448,700 | 123,844 | 0 | 123,844 |
| School Projects | | | | | | | |
| DeSoto High School | | | | | | | |
| Journalism | 3,242 | | 30,579 | 15,463 | 18,358 | - | 18,358 |
| Consumables | 29,933 | | 62,333 | 57,076 | 35,190 | - | 35,190 |
| Board clearing | 0 | | 79,600 | 79,386 | 214 | - | 214 |
| Mill Valley High School | | | | | | | |
| Journalism | 28,963 | | 80,049 | 73,953 | 35,059 | - | 35,059 |
| Grant projects | 25 | | | | 25 | - | 25 |
| Consumables | 50,287 | | 87,476 | 72,516 | 65,247 | - | 65,247 |
| Board clearing | 3,969 | | 167,254 | 160,010 | 11,213 | - | 11,213 |
| Monticello Trails School | | | | | | | |
| Bobcat projects | 10,969 | | 9,371 | 12,728 | 7,612 | - | 7,612 |
| Fees/Activities/Field trips | 37,616 | | 48,076 | 45,456 | 40,236 | - | 40,236 |
| Library | 466 | | 111 | 367 | 210 | - | 210 |
| Vending | 702 | | 1,021 | 878 | 845 | - | 845 |
| PTA/Donations | 997 | | 2,495 | 1,715 | 1,777 | - | 1,777 |
| Board clearing | 2,630 | | 61,441 | 61,330 | 2,741 | - | 2,741 |
| Lexington Trails School | | | | | | | |
| Activities | 620 | | 5,629 | 5,932 | 317 | - | 317 |
| Library | 555 | | 601 | 921 | 235 | - | 235 |
| Vending | 232 | | 647 | 486 | 393 | - | 393 |
| Concession | 2,332 | | 17,349 | 17,080 | 2,601 | - | 2,601 |
| McDonalds | 960 | | 1,487 | 937 | 1,510 | - | 1,510 |
| Field trip | 77 | | | | 77 | - | 77 |
| Engineering applications | 925 | | 383 | 308 | 1,000 | - | 1,000 |
| Agenda | 1,727 | | 1,109 | 1,954 | 882 | - | 882 |
| Lifskills | 184 | | | | 184 | - | 184 |
| Student recognition | 66 | | | | 66 | - | 66 |
| Parker - tie dye | 654 | | 1,478 | 2,101 | 31 | - | 31 |
| Odgers science | 138 | | 9,363 | 9,501 | 0 | - | - |
| PE | 244 | | | 116 | 128 | - | 128 |
| Board clearing | 876 | | 19,064 | 19,279 | 661 | - | 661 |
| Activity pass | 423 | | 2,636 | 2,160 | 899 | - | 899 |

The notes to financial statements are an integral part of this statement.

USD #232 DESOTO, KS
DISTRICT ACTIVITY FUNDS
Schedule of Cash Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2013

| Funds | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|---------------------------------|---|---|------------------|--------------|--|---|------------------------|
| Millcreek Middle School | | | | | | | |
| Board clearing | 2,925 | | 46,615 | 46,357 | 3,183 | - | 3,183 |
| TSA Club | 30 | | | | 30 | - | 30 |
| Counselor Miscellaneous | 278 | | | 246 | 32 | - | 32 |
| 8th Grade Miscellaneous | 55 | | | | 55 | - | 55 |
| Engineering Apps | 1,322 | | 1,310 | 2,446 | 186 | - | 186 |
| 6th Grade Sped | 135 | | 141 | 151 | 125 | - | 125 |
| PTA | 2,377 | | 309 | 2,596 | 90 | - | 90 |
| Library | 646 | | 95 | 153 | 588 | - | 588 |
| Musical | 5,161 | | 6,294 | 4,995 | 6,460 | - | 6,460 |
| Riverview Elementary School | | | | | | | |
| Library | 332 | | 611 | 179 | 764 | - | 764 |
| Annual | 7,898 | | 19,563 | 21,480 | 5,981 | - | 5,981 |
| Field trip | 171 | | 3,484 | 3,464 | 191 | - | 191 |
| T-shirts | 24 | | 1,165 | 1,189 | 0 | - | - |
| Board clearing | 420 | | 34,389 | 34,744 | 65 | - | 65 |
| Starside Elementary School | | | | | | | |
| Library | 4,460 | | 454 | 325 | 4,589 | - | 4,589 |
| Planners | 201 | | | | 201 | - | 201 |
| Field trip | 284 | | 706 | 873 | 117 | - | 117 |
| Lifetouch | 6,461 | | 10,744 | 11,974 | 5,231 | - | 5,231 |
| Board clearing | 309 | | 10,596 | 10,574 | 331 | - | 331 |
| Clear Creek Elementary School | | | | | | | |
| Library | 867 | | 687 | 1,393 | 161 | - | 161 |
| Pictures/Annual | 11,743 | | 10,563 | 11,260 | 11,046 | - | 11,046 |
| Field trip/Other | 1,742 | | 7 | 582 | 1,167 | - | 1,167 |
| Board clearing | 545 | | 35,656 | 35,511 | 690 | - | 690 |
| Prairie Ridge Elementary School | | | | | | | |
| Pictures/Annual | 2,726 | | 4,514 | 3,993 | 3,247 | - | 3,247 |
| Library | 1,114 | | 649 | 197 | 1,566 | - | 1,566 |
| Field trip/Other | 2,126 | | 3,057 | 3,798 | 1,385 | - | 1,385 |
| Board clearing | 2,553 | | 34,950 | 35,262 | 2,241 | - | 2,241 |
| Horizon Elementary School | | | | | | | |
| Pictures/Annual | 5,219 | | 14,608 | 6,879 | 12,948 | - | 12,948 |
| Library | 242 | | 652 | 530 | 364 | - | 364 |
| Field trip/Other | 53 | | 1,731 | 1,750 | 34 | - | 34 |
| Board clearing | 56 | | 33,447 | 33,515 | (12) | - | (12) |
| Belmont Elementary School | | | | | | | |
| Lifetouch | 7,704 | | 20,116 | 18,824 | 8,996 | - | 8,996 |
| Library | 255 | | 167 | 340 | 82 | - | 82 |
| Field trip/Other | 0 | | 728 | 686 | 42 | - | 42 |
| Preschool | 170 | | 90,372 | 90,542 | 0 | - | - |
| Mtze Elementary School | | | | | | | |
| Library | 4,887 | | 509 | 715 | 4,681 | - | 4,681 |
| Activities | 1,202 | | 20,981 | 21,649 | 534 | - | 534 |
| Pictures/Annual | 10,169 | | 21,232 | 15,450 | 15,951 | - | 15,951 |
| Field trip/Other | 892 | | 5,847 | 5,714 | 1,025 | - | 1,025 |
| Subtotal School Projects | 267,566 | 0 | 1,126,501 | 1,071,989 | 322,078 | 0 | 322,078 |
| Total District Activity Funds | \$ 387,271 | \$ 0 | \$ 1,579,340 | \$ 1,520,689 | \$ 445,922 | \$ 0 | \$ 445,922 |

The notes to financial statements are an integral part of this statement.

AGENCY FUNDS

Schedule of Cash Receipts and Disbursements

Regulatory Basis

For the Year Ended June 30, 2013

| Fund | Beginning Cash Balance | Cash Receipts | Cash Disbursements | Ending Cash Balance |
|---|---------------------------|------------------|-----------------------|------------------------|
| DeSoto High School Activity Funds | | | | |
| Student Clubs | \$ 13,753 | \$ 13,506 | \$ 13,838 | \$ 13,421 |
| Academic Clubs | 7,311 | 41,300 | 22,222 | 26,389 |
| Athletic Support Groups | 10,754 | 28,965 | 36,261 | 3,458 |
| Classes | 12,129 | 17,617 | 14,851 | 14,895 |
| Mill Valley School Activity Funds | | | | |
| Student Clubs | 13,295 | 34,893 | 36,330 | 11,858 |
| Academic Clubs | 55,196 | 119,281 | 123,240 | 51,237 |
| Athletic Support Groups | 30,079 | 64,085 | 73,873 | 20,291 |
| Classes | 14,637 | 12,275 | 14,161 | 12,751 |
| Monticello Trails Activity Funds | | | | |
| Yearbook Club | 17,263 | 19,965 | 16,742 | 20,486 |
| Choir Club | 0 | 2,617 | 2,472 | 145 |
| STUCO | 18,217 | 11,853 | 11,486 | 18,584 |
| Millcreek Activity Funds | | | | |
| Band Club | 0 | 2,870 | 2,736 | 134 |
| Activity | 718 | 5,809 | 5,754 | 773 |
| Art | 862 | 3,543 | 3,692 | 713 |
| FACS | 1,673 | 3,546 | 3,609 | 1,610 |
| Technology | 1,145 | 743 | 1,480 | 408 |
| Health/Nurse | 25 | | | 25 |
| Agenda | 457 | 3,048 | 3,520 | (15) |
| Science | 1,320 | 6,171 | 6,001 | 1,490 |
| Science Olympiad | 69 | 98 | 167 | 0 |
| Yearbook | 10,293 | 15,254 | 16,970 | 8,577 |
| Art Club | 80 | | | 80 |
| Winning with Wellness | 100 | | | 100 |
| MCMS Explo | 441 | | | 441 |
| STUCO | 0 | 4,259 | 4,043 | 216 |
| Lexington Trails Activity Funds | | | | |
| Yearbook Club | 1,383 | 6,629 | 5,995 | 2,017 |
| STUCO | 168 | 806 | 731 | 243 |
| Rain Water Project | 0 | 1,500 | 675 | 825 |
| Drama | 38 | | | 38 |
| Science | 1,608 | 2,451 | 2,716 | 1,343 |
| Technology | 1,147 | 514 | 262 | 1,399 |
| Basketball | 442 | 1,734 | 1,970 | 206 |
| Wrestling | 77 | | | 77 |
| Art Club | 1,028 | 736 | 1,669 | 95 |
| NY Art Club | 10 | | | 10 |
| FACS | 408 | 1,353 | 1,570 | 191 |
| Band Club | 20 | 3,734 | 3,408 | 346 |
| Riverview Activity Funds | | | | |
| STUCO | 509 | 2,408 | 2,238 | 679 |
| Choir Club | 473 | 2,040 | 2,030 | 483 |
| Clear Creek Activity Funds | | | | |
| Classes | 31 | 6,550 | 5,062 | 1,519 |
| STUCO | 1,000 | 2,158 | 2,775 | 383 |
| Fundraisers | 1,960 | 12,927 | 11,436 | 3,451 |
| Choir Club | 95 | 3,739 | 3,754 | 80 |
| Prairie Ridge Elementary Activity Funds | | | | |
| Choir Club | 1,013 | 2,613 | 1,464 | 2,162 |
| Fundraisers | 0 | 8,100 | 1,335 | 6,765 |
| Char. Council | 457 | 743 | 594 | 606 |
| Horizon Elementary Activity Funds | | | | |
| Classes | 842 | 837 | 1,453 | 226 |
| Choir Club | 947 | 1,991 | 2,559 | 379 |
| Belmont Elementary Activity Funds | | | | |
| Activity | 333 | 14,698 | 14,856 | 175 |
| Choir Club | 349 | 1,900 | 2,159 | 90 |
| Mize Elementary Activity Funds | | | | |
| Art/Tech | 5,934 | 7,199 | 7,692 | 5,441 |
| Band/Choir Club | 793 | 2,095 | 1,924 | 964 |
| Total | \$ 230,882 | \$ 501,153 | \$ 493,775 | \$ 238,260 |

The notes to the financial statements are an integral part of this statement.

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Karlin & Long, LLC
Certified Public Accountants

Board of Education
Unified School District No. 232
DeSoto, Kansas 66018

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Unified School District No. 232, DeSoto, Kansas as of and for the year ended June 30, 2013, and have issued our report thereon dated November 20, 2013. In our report, our opinion was adverse due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 232's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 232's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

10115 Cherry Lane
Lenexa, Kansas 66220
(913) 829-7676

2200 Kentucky Avenue
Platte City, Missouri 64079
(816) 858-3791

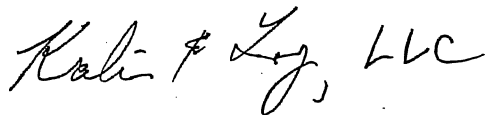
901 Kentucky Street, Suite 104
Lawrence, Kansas 66044
(785) 312-9091

Board of Education
Unified School District No. 232
DeSoto, Kansas 66018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 232's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Karlin & Long, LLC".

Karlin & Long, LLC
Certified Public Accountants

November 20, 2013

...KL...

Karlin & Long, LLC
Certified Public Accountants

Board of Education
Unified School District No. 232
DeSoto, Kansas 66018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 232, Desoto, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 232, Desoto, Kansas' major federal programs for the year ended June 30, 2013. Unified School District No. 232, Desoto, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Unified School District No. 232, Desoto, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 232, Desoto, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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Lawrence, Kansas 66044
(785) 312-9091

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Unified School District No. 232, Desoto, Kansas' compliance.

Opinion on Each Major Federal Program

In our opinion, Unified School District No. 232, Desoto, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Unified School District No. 232, Desoto, Kansas' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 232, Desoto, Kansas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

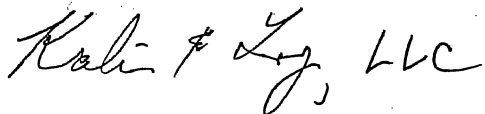
Report on Internal Control Over Compliance

Management of Unified School District No. 232, Desoto, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Unified School District No. 232, Desoto, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 232, Desoto, Kansas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Karlin & Long, LLC". The signature is written in dark ink and is positioned above the printed name of the firm.

Karlin & Long, LLC
Certified Public Accountants

November 20, 2013

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2013

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass- Through Grantor Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|-------------------------|
| <hr/> U.S. Department of Education <hr/> | | | |
| Passed through State Department of Education: | | | |
| Title I | 84.010 | * | \$ 191,392 |
| EHC Flo-Thru | 84.027 | * | 988,735 |
| Early Childhood Aid | 84.173 | * | 16,329 |
| Title IV - 21st Century | 84.287 | * | 256,446 |
| English Language | 84.365 | * | 19,185 |
| Title II - Teacher Quality | 84.367 | * | 74,728 |
| Title VI - State Assessments | 84.369 | * | 132 |
| <hr/> U.S. Department of Agriculture <hr/> | | | |
| Passed through State Department of Education: | | | |
| School Breakfast Program | 10.553 | * | 44,259 |
| National School Lunch Program | 10.555 | * | 657,695 |
| SFS - Food | 10.559 | * | 30,971 |
| Federal School Food Service | 10.560 | * | 3,875 |
| Team Nutrition Training | 10.574 | * | 2,000 |
| Fresh Fruits & Vegetables | 10.582 | * | 10,216 |
| <hr/> U.S. Department of Education <hr/> | | | |
| Passed through State Department of Education: | | | |
| Title XIX | 93.778 | * | 117,111 |
| Total Federal Assistance | | | <u>\$ 2,413,074</u> |

* Not available

The accompanying notes to financial statements are an integral part of this statement.

DESOTO UNIFIED SCHOOL DISTRICT #232
DeSoto, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2013

A. Summary of Audit Results

1. The auditor's report expresses an adverse opinion on the financial statements in accordance with generally accepted accounting principles. The auditor's report expresses an unqualified opinion in accordance with the regulatory basis of accounting.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of DeSoto USD #232 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for DeSoto USD #232 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for DeSoto USD #232 are reported in this schedule.
6. The programs tested as major programs included:
Department of Education: Food service cluster CFDA No. 10.553 and 10.555 and Title I cluster CFDA No. 84.010 and 84.027
7. DeSoto USD #232 was determined to not be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit
Department of Education: Food service cluster CFDA No. 10.553 and 10.555
and Title I cluster CFDA No. 84.010 and 84.027

No findings of noncompliance or questioned costs were noted.

The accompanying notes to financial statements are an integral part of this statement

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

NOTE 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 232 DeSoto, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Regulatory Basis of Accounting – The regulatory basis of accounting, as used in the preparation of these regulatory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 232 has obtained a waiver from generally accepted accounting principles which allows the district to revert to regulatory basis of accounting.

Departure from Generally Accepted Accounting Principles – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

NOTE 1 – Basis of Accounting (continued)

Departure from Generally Accepted Account Principles (ctd.) - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 2 – Pass-Through Awards

Unified School District No. 232 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Department of Education: Food Service Cluster CFDA No. 10.553 and 10.555 and the Title I cluster CFDA No. 84.010 and 84.027 has been determined by the independent auditor to be major programs.

NOTE 4 – Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.